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UNCLAS SECTION 01 OF 03 DHAKA 005592

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E.O. 12958: N/A

TAGS: [PREL](#) [ECON](#) [PTER](#) [BG](#) [SAARC](#) [AID](#)

SUBJECT: 13TH SAARC SUMMIT CONCLUDES; AFGHANISTAN INVITED TO JOIN

REF: DHAKA 5569

1. Summary: SAARC leaders concluded a successful 13th summit on November 13 with decisions to admit Afghanistan to membership, create a South Asia Poverty Alleviation Fund, implement SAFTA on schedule and implement the additional protocol on terrorism. Preparation paid off; the summit ran smoothly with no reported security incidents. India will host the next summit some time in 2007. End summary.

2. The 13th SAARC Summit concluded November 13 with leaders adopting the Dhaka Declaration summarizing their decisions on a range of issues including membership expansion, poverty alleviation, closer economic integration, counter-terrorism and regional cooperation on everything from infrastructure to culture. The Declaration also set in motion institutional reform of SAARC. The full text of the Dhaka Declaration is available at [http://www.mofa.gov.bd/13saarcsummit/Dhaka\(un derscore\)summit \(underscore\)declaration.html](http://www.mofa.gov.bd/13saarcsummit/Dhaka(un%20derscore)summit(underscore)declaration.html).

3. The Dhaka Declaration is above all a commitment to focus on implementing the decisions taken during the first two decades of SAARC and improving the functioning of the organization. The major decisions taken at the 13th SAARC Summit reflect this commitment.

Afghanistan SAARC's Newest Member

4. The leaders agreed to accept Afghanistan's request for membership, subject to completion of formalities. Japan and China's requests to become observers were also agreed to "in principal." The Council of Ministers will have to determine how this will occur at its July 2006 meeting, because the SAARC agreement does not contain any provisions on expansion or observer status.

Poverty Alleviation Key Priority

5. SAARC agreed to declare 2006-2015 the SAARC Decade of Poverty Alleviation and took concrete steps to ensure progress toward this goal. Leaders endorsed the SAARC Development Goals recommended by the South Asian Commission on Poverty Alleviation and called for implementation of the Plan of Action on Poverty Alleviation, adopted by the 12th SAARC Summit. SAARC Ministers and Secretaries were charged with leading these programs.

6. More importantly, the leaders established the SAARC Poverty Alleviation Fund (SPAF) and restructured the South Asia Development Fund into a new SAARC Development Fund (SDF), which will be an umbrella financial institution with its own permanent secretariat. SDF will have three funding windows: social, infrastructure, and economic. The SPAF will fall under the SDF. Funding details for the SPAF, including the crucial question whether contributions would be mandatory or voluntary, were left to the Finance Ministers to sort out.

7. To improve financial and macro-economic coordination and to monitor implementation of development goals, the leaders agreed Finance Ministers would meet within three months after each summit, and on the margins of the annual World Bank and ADB meetings.

SAFTA Leads Economic Agenda

8. The leaders noted that launching SAFTA is an important milestone toward the long-term goal of a South Asian Economic Union. The Dhaka Declaration directs members to finalize all of the annexes needed to bring SAFTA into force on schedule, starting January 1, 2006. It contains no hint, however, of political guidance presumably given to the Committee of Experts for resolving the three key outstanding issues by the end of November, as directed by the declaration. These issues are: percentage of domestic content required to satisfy rules of origin requirements, the scope of the sensitive lists excluded from tariff liberalization, and the nature, amount and timing of compensation to the LDC members for revenue losses resulting from implementation of the SAFTA.

9. Looking ahead, leaders acknowledged the need to address non-tariff trade barriers and para-tariffs. They urged swift

conclusion of agreements on mutual recognition of standards, testing and measurements. Significantly, they called for integration of trade in services into the SAFTA.

¶10. The leaders also signed three of the four trade facilitation agreements under consideration:

- Agreement on Mutual Administrative Assistance in Customs Matters
- Agreement on the Establishment of SAARC Arbitration Council
- Limited Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters.

A fourth agreement, on investment promotion, was not signed, but no reason was given. Instead, leaders included hortatory language encouraging trade-creating investment in member states.

¶11. On infrastructure, the leaders agreed to establish the SAARC Energy Center in Islamabad and endorsed a South Asian Energy Dialogue process involving officials, experts, academics, environmentalists and NGOs to make recommendations on better energy cooperation and to support the Working Group on Energy. Information and communications technology was also identified as an area for closer regional cooperation. Leaders also urged stronger transportation links to support regional economic integration, and agreed to study aviation proposals, including a proposal to extend fifth freedom rights to designated airlines from member states.

¶12. Leaders called on the international community to meet the commitments of the Millennium Summit and the Monterrey consensus. They endorsed UN reform and urged WTO members to work for a breakthrough at the Hong Kong ministerial. Commerce Ministers were instructed to work together on common positions for the ministerial.

Terrorism - First Step, Acknowledge the Problem

¶13. SAARC leaders condemned terrorism, calling it one of the most critical threats to international peace and security. They pledged to unite to prevent and combat terrorism, noting the mandate of UNSCR 1373.

¶14. Referring to the "continued and recent attacks in the region," the leaders acknowledged terrorism is a problem in SAARC countries that requires a coordinated response. Noting with satisfaction that all members have now adopted the additional protocol to the SAARC Convention on Suppression of Terrorism, the leaders called on members to put in place effective implementation mechanisms. They also directed secretaries and ministers from the Interior and Home

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ministries to meet annually.

Areas for Cooperation Abound

¶15. Nearly a third of the Declaration's 53 paragraphs address cooperation on social, environmental, and cultural issues and management of natural disasters.

¶16. Leaders rededicated themselves to support the SAARC Social Charter. They agreed on annual meetings of the National Coordinating Committees and noted proposals to establish a Civil Society Resource Center. The Declaration highlights the importance leaders place on addressing women's and children's issues, including trafficking in persons. Primary education was also singled out for specific mention. The leaders agreed to launch a regional initiative on basic healthcare services and sanitation in rural areas.

¶17. Leaders discussed improving regional responses to both natural disasters and regional health emergencies. Noting the threat posed by emerging diseases like avian influenza, they proposed a SAARC Health Surveillance Center and a Rapid Deployment Health Response System. They also called for early implementation of the regional HIV/AIDS strategy. Leaders acknowledged the need for a permanent regional response mechanism for natural disasters, supported work on an early warning and disaster management framework, but mostly settled for encouraging closer coordination at the national level.

¶18. Action on environmental cooperation was more robust. The Declaration initiates discussion of a Regional Environment Treaty. It endorses establishment of a SAARC Forestry Center in Bhutan and proclaims 2007 the "Year of Green South Asia," devoted to reforestation. Existing centers on meteorological research and coastal zone management will be enhanced, as will cooperation on water conservation, sustainable development and arsenic contamination.

¶19. On cultural issues, the leaders endorsed greater

people-to-people contacts, starting with SAARC speakers and parliamentarians, promoted a SAARC Agenda for Culture, and endorsed youth exchanges. They gave a nod to travel facilitation, but avoided discussion in the Declaration of implementing visa-free travel of citizens of SAARC members. Tourism was highlighted; 2006 is the "South Asia Tourism Year." India's offer to host a SAARC Museum of Textiles and Handicrafts was noted.

Institutional Change Needed

120. Leaders agreed that they need stronger SAARC institutions to implement the growing SAARC agenda. Throughout the Declaration, leaders agreed to hold annual meetings of relevant ministers to discuss progress in their respective portfolios. Perhaps drawing inspiration from the structure of EU ministerial meetings, the Declaration expressly encourages a thematic focus concentrating on SAARC objectives.

121. Most significant is the call in the Declaration for a comprehensive review and reform of all SAARC institutions and mechanisms, including the Secretariat and Regional Centers. Experts nominated by each member state are to prepare a study and recommendation for the next Council of Ministers meeting, under terms of reference to be prepared within the next two weeks by the chairman of the Council of Ministers and circulated for approval by all foreign ministers.

CHAMMAS